

## EUROPEANISATION OF REFERENCE GROUPS?

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Townsend's (1979, p. 31) seminal definition of poverty as "...exclusion from ordinary living patterns, customs and activities due to lack of resources..." involves implicit reference to the role of reference groups. In much of the debate on such issues, reference groups are thought of as being within the nation-state. The recent enlargement of the EU and the profound social and economic changes associated with it has provoked a debate as to whether broader, Europe-wide reference groups are becoming more important. The answers to such questions have a significant influence on our understanding of processes of social exclusion and are explored by Chris Whelan and Bertrand Maitre in two recent articles.\*\*

Recently the argument has been put forward for the use of an EU-wide poverty measure alongside or instead of a national one. The justification provided relates to the fact that European citizens' points of reference are no longer constrained by national boundaries but operate on an EU-wide basis. A "strong" version of the Europeanisation thesis proposes that individuals perceive themselves as part of a large European entity. The frame of reference is supra-national: their relative positions within this system influence directly their evaluation of their life circumstances; a "weak" version of the hypothesis, posits that a common standard relating to an acceptable level of participation in one's own society emerges as a consequence of knowledge of conditions in other societies, but the frame of reference remains resolutely national. As Whelan and Maitre (2009b) argue, if the weak version of the argument for Europeanisation of reference group cannot be demonstrated, the strong version cannot be accepted. Their analysis focuses on the weak version.

The data used are drawn from the Survey on Income and Living Conditions for 2005 which includes 26 EU countries. For each country they employ a measure of material deprivation together with an indicator of subjective economic stress. For convenience some results are presented in terms of country-groupings by welfare regime.

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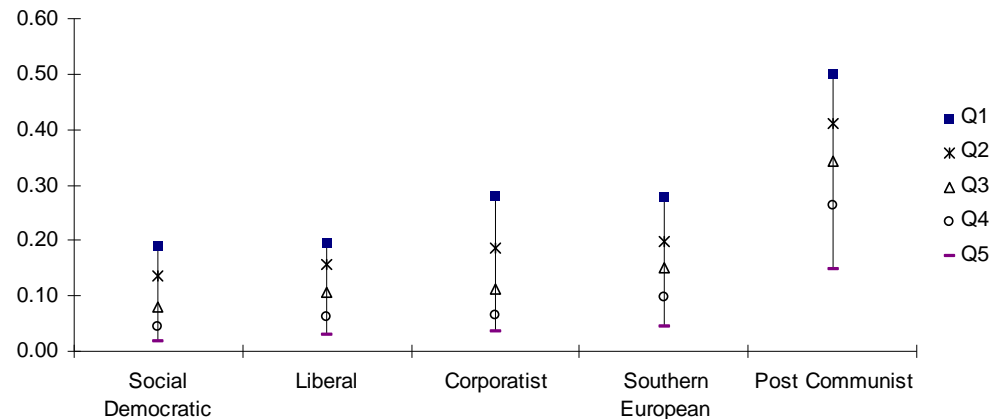
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## The European Distribution of Material Deprivation and Economic Stress

Levels of material deprivation vary across countries not only in relation to the level of resources available in the society but also in relation to the degree of inequality in their distribution. The pattern of results is largely as expected on the basis of the assumption that individuals have reasonably accurate perceptions of their own and others' economic circumstances, with levels of deprivation and economic stress being greatest in the least affluent countries. Cross-national variation accounts for close to 20 per cent of the variance of both material deprivation and economic stress. There is a close correspondence at this level of analysis between objective levels of deprivation and their subjective counterparts. This is further confirmed by the fact that almost 60 per cent of the cross-country variation in economic stress can be accounted for by cross-country variation in consumption deprivation. The position of the most favoured in the least affluent cluster is not significantly different from that of the least favoured in the most affluent cluster as illustrated in Figure 1.

**Figure 1: Mean Material Deprivation by Income Quintile by Welfare Regime**




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## The Relationship Between Material Deprivation and Economic Stress

A systematic analysis of the relationship between material deprivation and economic stress across a wide range of countries confronts us with the challenge of interpreting within-country and between country effects and deciding whether or not they are tapping the same underlying processes.

The weaker version of the Europeanisation of reference groups thesis, which implies simply that notions of appropriate national thresholds are influenced by knowledge of conditions in other societies, suggests that the within-country impact of material deprivation on subjective economic stress should be relatively uniform across countries. But results from a set of ordinary least square regressions show that the impact of material deprivation *increases* as one moves from the least to the most affluent countries. The pattern of variation relating to the impact of material deprivation on economic stress suggests that it is associated with corresponding cross-national variation in objective living economic circumstances. This result runs directly counter to the Europeanisation of reference groups thesis.

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## Conclusion

Some of our findings are compatible with the Europeanisation hypothesis – notably the close association at the national level between material deprivation and subjective economic stress, and confirmation that individuals at the bottom of the household income hierarchy in more affluent countries experience lower levels of deprivation and economic stress than those in the upper levels of the income distribution in the least prosperous countries. However, our results show that a clear implication of the Europeanisation hypothesis – that an increase in consumption deprivation, benchmarked in overall EU terms, should have a uniform impact on economic stress across countries – is firmly rejected. The impact of material deprivation on economic stress declines progressively as the national level of deprivation increases, but in a proportionate rather than an absolute fashion. If a process of convergence is under way this must have started from a point of even more striking cross-country differentials than currently observed and it has a long way to go before it could be considered to involve a substantively important form of Europeanisation of reference groups. The evidence thus points decisively towards a rejection of the weaker version of the Europeanisation of reference group hypothesis. It is difficult, therefore, to see what formulation of the underlying processes could sustain the stronger version that posits a shift in normative reference points from the national to the transnational level.

## REFERENCES

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